

Message Text

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SUBJECT: PRESS REACTION: STUDY ON U.S.-CANADA RELATIONS

REF: MONTREAL 1028

1. THREE OF MONTREAL'S FOUR LEADING DAILIES CARRIED EDITORIALS IN JULY 28 EDITIONS ON THE CANADIAN-AMERICAN COMMITTEE REPORT ENTITLED, "A TIME OF DIFFICULT TRANSITIONS: CANADA-U.S. RELATIONS IN 1976".

2. THE MONTREAL STAR'S MODERATE EDITORIAL FINDS THE CANADIAN-AMERICAN REPORT OA "CURIOUS DOCUMENT". MOST OF IT, THE DAILY ADDS, IS A "SOBER AND RELATIVELY REALISTIC ASSESSMENT OF THE ECONOMIC SITUATION IN THE TWO COUNTRIES". THE STATEMENTS ABOUT "CANDA'S WICKEDNESS IN CREATING STRAINS AND TENSIONS" ARE FOUND IN INTRODUCTORY AND CONCLUDING CHAPTERS AND THE COMMENTS OF THE CANADIAN BANKER AND AMERICAN INVESTMENT BROKER WHO ARE CO-CHAIRMEN OF THE COMMITTEE, BUT THESE "ALARMING WARNING" FIND LITTLE SUPPORT IN THE STUDY'S DETAILED RESEARCH. THIS IMBALANCE, SAYS THE STORY, IS DUE TO THE ATTITUDE OF BANKERS AND INVESTMENT DEALERS

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TOWARD GOVERNMENT INTERVENTION IN THE ECONOMY AND ALSO TO THE

FACT THAT ECONOMIC TENSIONS BETWEEN CANADA AND THE U.S. CURRENTLY TEND TO BE "MORE EMOTIONAL THAN SUBSTANTIAL". CANADA'S MOVES TO PROTECT ITS NATIONAL RESOURCES AND ITS CONCERN ABOUT U.S. DOMINATION OF ITS ECONOMY WILL INVARIABLY CREATE IRRITATIONS, JUST AS ACTIONS BY WASHINGTON TO PROTECT ITS ECONOMIC POSITION HAVE IN THE PAST CREATED FEAR AND IRRITATION IN CANADA. SOME OF THESE IRRITATIONS, CONCLUDES THE STAR, ARE UNAVOIDABLE, BUT THE TWO GOVERNMENTS SHOULD STRIVE "TO AVOID THOSE THAT CAN BE AVOIDED".

3. LA PRESSE'S MODERATELY CRITICAL EDITORIAL MAINTAINS THAT CANADA IS SO MUCH SMALLER THAN THE U.S., BOTH ECONOMICALLY AND DEMOGRAPHICALLY, THAT IT IS NAIVE TO SPEAK OF PROTECTIONISM OR ECONOMIC NATIONALISM. CANADA CANNOT BE BLAMED FOR TAKING MEASURES TO PROTECT ITSELF AGAINST UNEQUAL COMPETITION FROM THE U.S. ESPECIALLY SINCE VITAL SECTORS OF THE CANADIAN ECONOMY ARE CONTROLLED BY U.S. INTERESTS. WHAT OTHER COUNTRY OF THE WORLD, EXCEPT FOR UNDERDEVELOPED (SIC) COUNTRIES WOULD HAVE ACCEPTED SUCH FOREIGN CONTROL OF ITS ECONOMY? WE HAVE TO LAUGH WHEN THE U.S. ACCUSES OTHER COUNTRIES OF PROTECTIONISM. THE U.S., IN FACT, DEVELOPED ITS ECONOMIC POWER IN THAT MANNER. IT IS THE U.S. WHICH TERMINATED THE CANADIAN-AMERICAN RECIPROCITY TREATY DURING THE LAST CENTURY, AND IT STILL PROTECTS ITS ECONOMY AGAINST UNDERDEVELOPED COUNTRIES BY MEANS OF TARIFF BARRIERS AND BILATERAL AGREEMENTS. WE MUST NOT, HOWEVER, CONCLUDE THAT PROTECTIONISM SHOULD BE ENCOURAGED. ON THE CONTRARY, ECONOMIC LIBERALISM SHOULD BE THE OBJECTIVE SINCE IT STIMULATES COMPETITION AND PRODUCTIVITY AND THUS BENEFITS CONSUMERS. ECONOMIC RELATIONS BETWEEN CANADA AND THE UNITED STATES MUST BE ESTABLISHED ON A BASIS OF RECIPROCITY WHICH TAKES INTO CONSIDERATION THE RELATIVE STRENGTH OF THE TWO ECONOMIES AND THE INTERESTS OF THE TWO PEOPLES. AMERICAN BUSINESSMEN AND LABOR LEADERS MUST CEASE TO CONSIDER CANADA AS A SIMPLE EXTENSION OF THEIR COUNTRY. CONTINENTALISM NEED NOT NECESSARILY BE RULED OUT, BUT IT MUST NOT EXIST TO THE DETRIMENT OF CANADIAN WORKERS AND CONSUMERS. POLITICAL LEADERS HAVE A GREAT RESPONSIBILITY IN THIS REGARD AND MUST NOT GIVE WAY TO SHORT-SIGHTED NATIONALISM. IT IS BY NO MEANS CERTAIN, FOR EXAMPLE, THAT THE FEDERAL LEGISLATION WHICH BROUGHT ABOUT THE DISAPPEARANCE OF THE CANADIAN EDITION OF TIME BENEFITS CANADIAN CONSUMERS. ALTHOUGH THE AUTO PACT SHOULD BE MODIFIED,

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IT IS AN EXCELLENT ILLUSTRATION OF THE TYPE OF BILATERAL AGREEMENT WHICH SHOULD EXIST IN GREATER NUMBER BETWEEN CANADA AND THE U.S. BUT BEFORE REVISING THE AUTO PACT, WE MUST REVISE THE CHAUVINISTIC ATTITUDES WHICH EXIST ON BOTH SIDES AMONG ECONOMIC AND POLITICAL LEADERS.

4. THE GAZETTE'S STRONGLY CRITICAL EDITORIAL FINDS THE STUDY "YET ONE MORE DRESSING DOWN OF CANADIAN NATIONALISM" BY CANADIAN

AND AMERICAN BIG BUSINESS AND BIG LABOR "UNITED IN AN ORGANIZATION CALLED THE CANADIAN-AMERICAN COMMITTEE". THE REPORT, SAYS THE GAZETTE, CONTINUES THE "QUERULOUS TONE OF REPRIMAND ALREADY FAMILIAR FROM THE REACTIONS OF DEPARTING AMERICAN AMBASSADOR WILLIAM PORTER AT THE END OF LAST YEAR, FROM A REPORT ON CANADA-U.S. RELATIONS OF THE CANADIAN SENATE COMMITTEE ON FOREIGN AFFAIRS, AND FROM A GROUP OF REPUBLICAN CONGRESSMEN IN THE U.S.". THE EDITORIAL IS HIGHLY CRITICAL OF THE FACT THAT CANADIAN POLICIES IN THE NATIONAL INTEREST ARE SEEN AS "NATIONALISTIC" WHILE U.S. POLICIES "ARE JUST U.S. POLICIES." WITH REGARD TO THE PORTRAYING OF CANADIAN POLICIES AS AN ATTEMPT TO "OVERRIDE NATURAL MARKET FORCES", THE GAZETTE ASKS, "NATIONAL MARKET FORCES LIKE THE ENERGY CRISIS BROUGHT ON BY THE YOM KIPPUR WAR, THE ARAB OIL BOYCOTT, AND DECLARATION OF A NATIONAL AMERICAN GOAL OF ENERGY SELF-SUFFICIENCY? NATURAL MARKET FORCES LIKE THE SWAMPING OF THE CANADIAN CULTURAL MARKET BY U.S. CULTURAL ENTERPRISES FED BY CANADIAN ADVERTISING DOLLARS? NATURAL MARKET FORCES LIKE THE ENTERPRISES CONSTITUTING THE WORLD'S MOST POWERFUL ECONOMY, AIDED IN REACHING THAT STATUS BY U.S. GOVERNMENT POLICY, TAKING OVER THE CANADIAN ECONOMY?". INSTEAD OF PROMOTING COOPERATION BETWEEN THE UNITED STATES AND CANADA, CONCLUDES THE GAZETTE, THE CANADIAN-AMERICAN COMMITTEE REALLY URGES CANADIANS TO BE MORE DEFERENTIAL TOWARD THE U.S. "IT IS THE ARGUMENT THAT THE AMERICANS CAN ONLY LIKE US AS A PEOPLE IF THEY CAN FORGET ABOUT US AS A NATION. WE BETTER NOT BELIEVE IT". HARPER

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